

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE

In the Matter of First Financial
Services, Inc. and the Debt Collector
Registrations and the Real Estate
Salesperson License of Khemall
“Kenny” Jokhoo¹

**FINDINGS OF FACT,
CONCLUSIONS AND
RECOMMENDATION**

This matter was heard by Administrative Law Judge Richard Luis pursuant to a Notice of Amendment, Notice and Order for Hearing, and Amended Statement of Charges (“Statement of Charges”) issued by the Minnesota Department of Commerce (“Department”). The hearing in this matter was held at the Office of Administrative Hearings in St. Paul, Minnesota, on September 9, 10, 16, and 20, 2010. The Hearing record closed on November 9, 2010.

Christopher M. Kaisershot, Assistant Attorney General, appeared on behalf of the Department. Jay A. Tentinger, Esq., Tentinger Law Firm, P.A., appeared on behalf of Respondents Khemall “Kenny” Jokhoo and First Financial Services, Inc. (“Respondents”).

STATEMENT OF ISSUES

Whether Respondents are subject to discipline by the Commissioner of the Department of Commerce for committing the following violations:

1. Respondents contacted and caused, or directed another to contact and cause, the bank of California residents Edwin and Medick Galestian to send a \$40,000 check made payable to the Galestians to Respondents without the Galestians’ authorization and, as such, engaged in unfair practices, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.²

2. Respondents participated in, directed, or authorized, or failed to learn about, diligently investigate, or prevent the forging of the Galestians’ endorsements on

¹ The caption in this matter is amended to reflect that a debt collector receives a “registration” and not a “license.” Minn. Stat. § 332.33, subd. 1 (2008).

² 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

the back of a \$40,000 check that was deposited into Respondents' bank account and, as such, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.³

3. Respondents violated the Fair Debt Collection Practices Act and Minnesota law by calling the Galestians and threatening that they would be arrested, threatening to take action that could not legally be taken or that is not intended to be taken, making false representations, falsely holding themselves out as attorneys during collection activities, and engaging in conduct that harassed, oppressed, or abused the Galestians.⁴

4. Respondents contacted and caused the bank of California residents Jill and Keith Diffey to electronically transfer \$5,166.77 to FFSI's bank account without the Diffeys' authorization and, as such, engaged in unfair practices, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.⁵

5. Respondents contacted and caused the credit card issuer of the Diffeys to electronically transfer \$3,900 to FFSI's bank account without the Diffeys' authorization and, as such, engaged in unfair practices, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.⁶

6. Respondents violated the Fair Debt Collection Practices Act and Minnesota law by calling the Diffeys and threatening that they would be arrested, threatening to take action that could not legally be taken or that is not intended to be taken, and making false representations, by falsely holding themselves out as attorneys and federal investigators during collection activities, and by otherwise engaging in

³ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

⁴ 15 U.S.C. §§ 1692d, 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 and 2870.3400 (2007).

⁵ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

⁶ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

conduct that harassed, oppressed, or abused the Diffeys, including misrepresenting to Ms. Diffey's employer that she would be arrested at work.⁷

7. Respondents submitted license and registration applications, and a license transfer application, to the Department that contained false and misleading information concerning Jokhoo's criminal record.⁸

8. Jokhoo engaged in fraudulent, deceptive or dishonest practices, and conduct that demonstrated he is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner by failing to satisfy multiple judgments totaling more than \$28,000, including a \$10,000 judgment for converting a refundable damage deposit.⁹

9. Jokhoo contacted and caused, or directed another to contact and cause, the banks of Colorado citizen James Dorrough to electronically transfer \$6,750 to FFSI's bank account without Dorrough's authorization (and to request another \$6,200 transfer that was canceled before it was processed) and, as such, engaged in conduct that demonstrates that he is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹⁰

10. Jokhoo contacted and caused, or directed another to contact and cause, the bank of Illinois citizen Mike Norpell to electronically transfer \$5,700 to FFSI's bank account without Norpell's authorization and, as such, engaged in conduct that demonstrates that he is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹¹

Based on the proceedings herein, the Administrative Law Judge makes the following:

FINDINGS OF FACT

Licensing History

1. First Financial Services, Inc. ("FFSI") was incorporated by Mr. Khemall "Kenny" Jokhoo on or about May 9, 2002.¹² FFSI was registered as a collection agency from July 10, 2007, until the Department issued an order that summarily revoked FFSI's

⁷ 15 U.S.C. §§ 1692d, 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 and 2870.3400 (2007).

⁸ Minn. Stat. §§ 45.027, subd. 7(a)(3), and 82.35, subd. 1(a) (2008).

⁹ Minn. Stat. §§ 45.027, subd. 7(a)(4), and 82.35, subd. 1(b) (2008).

¹⁰ *Id.*

¹¹ *Id.*

¹² Ex. 16 at DOC000351 - DOC000352.

registration effective November 3, 2009.¹³ FFSI did not request a hearing to contest the summary revocation order, which specifically reserved the Department's rights to seek civil penalties against FFSI in a future regulatory proceeding and, as such, the summary revocation order is now final.¹⁴

2. Jokhoo concurrently held two debt collector registrations, Nos. 20556728 and 20608242. Registration No. 20556728 was issued on January 9, 2006, and Registration No. 20608242 was issued on January 16, 2007. These debt collector registrations lapsed due to non-renewal effective June 30, 2009.¹⁵

3. Jokhoo's registered debt collector alias was "Kevin Smith."¹⁶

4. On October 4, 2006, the Department issued Jokhoo a real estate salesperson license, No. 20594168. Jokhoo's real estate license lapsed due to non-renewal on June 30, 2010.¹⁷

5. Under Minn. Stat. §§ 45.027, subd. 11 and 332.395 (2008), the Commissioner properly instituted this proceeding because it had been less than two years since Jokhoo's debt collector registrations and real estate salesperson license were last in effect.

Debt Collection Activities

6. In addition to being its sole owner and officer, Jokhoo is the only debt collector employed by FFSI.¹⁸

7. A significant majority of the debts FFSI attempts to collect are purchased from a broker, as opposed to the original creditor. Jokhoo recalled that in the summer of 2009, FFSI had between 3,000 to 3,500 accounts that it was attempting to collect, all of which were "owned" by FFSI. Jokhoo confirmed that there was no way for him to tell how many other debt collectors owned these accounts before the broker sold them to FFSI.¹⁹

8. Jokhoo explained that FFSI purchased the accounts, on average, for 1 cent to 1.5 cents on the dollar. For example, if FFSI purchased a \$100 debt, FFSI would typically pay between \$1.00 to \$1.50 for the rights to that debt. The low purchase price reflected the difficulty in collecting the obligations, which were delinquent and had not been reduced to any judgment, as well as the low likelihood of successful collection

¹³ See Minn. Rule 2870.1900 (2007).

¹⁴ Ex. 22; Testimony of Mike Kaehler ("Kaehler Test.").

¹⁵ Exs. 24-25; see also Kaehler Test.; Testimony of Khemall Jokhoo ("Jokhoo Test.")

¹⁶ Jokhoo Test.; Kaehler Test.

¹⁷ Kaehler Test.; Jokhoo Test.; Ex. 15 at DOC000069 - DOC000076.

¹⁸ Jokhoo Test.

¹⁹ *Id.*

efforts. FFSI typically retained any purchased accounts for 60 to 90 days, at which time they were sold back to the broker from whom they were originally purchased and new accounts were purchased to collect upon. Jokhoo estimates he had a less than 1% success rate in collecting these delinquent accounts and, specifically, that FFSI successfully collected money from the debtor between .25 % to .50% of the time.²⁰ Given this low success rate, Jokhoo claimed that he invariably would offer a reduced payment to any debtor he could actually contact.²¹

9. The ALJ finds that, based on the extremely low purchase price and virtually non-existent success rate, the debts purchased by Respondents are generally older obligations.

10. Other than “scrubbing” the purchased accounts to eliminate debts that had been discharged in bankruptcy, Jokhoo operated under the assumption that the debts were valid obligations upon which he could commence collections.²²

11. Jokhoo testified that he did not do any independent research to ascertain the applicable statute of limitations in Illinois, Colorado, or California before commencing collection efforts against Edwin Galestian, Jill Thompson n/k/a Jill Diffey, James Dorrough, and Mike Norpell (collectively “the Debtors”).²³

12. Jokhoo recalled that in the fall of 2009, the Lonsdale Police Department seized FFSI’s business assets, including the computer that apparently contained all the data that FFSI would have received when it purchased the debts.²⁴

13. The only documentary evidence Jokhoo produced concerning the purported debts were “account history” sheets for each of the Debtors.²⁵ He claimed these sheets were stored on a computer that had not been seized by the Lonsdale Police Department. Nevertheless, even though he had not seen any of the underlying data concerning the details of the debts purportedly owed by the Debtors since his other computer was seized in the fall of 2009, Jokhoo claimed an ability to recall specific details related to the Debtors’ accounts, including the date of last payment made by the Debtors to the original creditor.²⁶

14. Respondents were actively engaged in collection activities against each Debtor at the time of the alleged misconduct at issue for each Debtor.

²⁰ Jokhoo Test.

²¹ Jokhoo Test.; see also Kaehler Test.

²² Jokhoo Test.

²³ Once the applicable statute of limitations expires it is unlawful to file or to threaten to file a lawsuit on a purported debt. Jokhoo Test.; see also Kaehler Test., 15 U.S.C. § 1692e(5), and Minn. Stat. § 332.37(12) (2008).

²⁴ Jokhoo Test.

²⁵ Jokhoo Test.; see also Exs. A, B, C, and D.

²⁶ Jokhoo Test. The date of last payment is significant because that fact implicates the applicable statute of limitations in each of the respective Debtors’ states.

15. The Diffeys and Mr. Dorrough recalled that they obtained their credit reports and that FFSI was listed as an entity that had inquired and accessed their credit report information,²⁷ contrary to Mr. Jokhoo's testimony. FFSI's bank statements detail purchases from the credit bureau Experian on June 11 and July 20, 2009, respectively.²⁸ Jokhoo had no explanation for the transactions with Experian that were identified on FFSI's bank statements and in contradiction to his prior testimony.²⁹

16. Respondents had access to credit bureau data and submitted inquiries to credit bureaus concerning each Debtor.

17. The four Debtors reside in three different states and their only apparent connection is that they were contacted by Respondents in attempts to collect purported debts. The Debtors' testimony and the documentary evidence showed a similar fact pattern engaged in by Respondents toward each Debtor.

Edwin Galestian

18. Jokhoo claimed that Mr. Galestian, a California resident, acknowledged the existence of the purported debt with an original balance of \$56,169.92, and recognized FFSI as the rightful owner of that obligation. Jokhoo further claimed that on July 1, 2009, he offered to accept \$52,000 as a full and final settlement of the debt from Mr. Galestian. Jokhoo reported that, instead, Mr. Galestian sent FFSI a \$40,000 check by first-class U.S. Mail that was endorsed by Mr. and Ms. Galestian and that contained the following special endorsement beneath the Galestians' signatures: "Pay to the order of First Financial."³⁰

19. Jokhoo could not explain why the check was made payable to the Galestians, yet listed them as residing at Respondents' business address in Lonsdale, Minnesota.³¹

20. On July 9, 2009, Jokhoo endorsed and deposited the \$40,000 check into FFSI's bank account at M&I Bank ("M&I").³² On July 15, 2009, Jokhoo withdrew \$38,010.52 from FFSI's account:³³ Jokhoo caused M&I to issue a \$37,905.52 cashier's

²⁷ Dorrough Test.; K. Diffey Test.; J. Diffey Test; see also Ex. 8 at DOC000016 ("a suspicious inquiry by [FFSI] appears on the [Diffeys'] credit report which may arise from potential fraud or identify theft involving the [Diffeys].")

²⁸ Ex. 8 at DOC000022 (\$121.63 purchase from Experian on June 11, 2009) and DOC000027 (\$250.88 purchase from Experian on July 20, 2009).

²⁹ Jokhoo Test.

³⁰ Jokhoo Test.; see also Ex. 1.

³¹ *Id.*

³² Ex. 3.

³³ Ex. 2 at DOC000005. See also Ex. 8 at DOC000017 (listing \$38,010.52 withdrawal on July 15, 2010).

check to "L. Latchman,"³⁴ paid \$5 for the check issuance fee,³⁵ and received \$100 cash.³⁶ Jokhoo and Latchman are husband and wife, and are the co-owners of the residential property from which Respondents conduct business in Lonsdale, Minnesota.³⁷ On July 20, 2009, Latchman deposited the \$37,905.52 check into her account at Wells Fargo.³⁸ On July 22, 2009, Latchman transferred \$30,000 to her savings account and used the remaining proceeds to pay for personal expenses, including mortgage and credit card payments.³⁹

21. Jokhoo admits that he was called by Detective Zaun from the Glendale, California Police Department on August 12, 2009, concerning his collection activities against Mr. Galestian; however, he did not return the Detective's call because he contends that privacy laws precluded him from discussing the matter with law enforcement officials.⁴⁰

22. While Jokhoo claims that Mr. Galestian continues to owe over \$20,000 on the purported debt, Jokhoo maintains that he has not made any further attempts to collect the balance from Mr. Galestian since he received the \$40,000 payment in July 2009, notwithstanding Jokhoo's claim that Mr. Galestian admitted that he owes the entire obligation and willingly tendered a \$40,000 payment.⁴¹

23. The ALJ finds that the endorsements on the \$40,000 check were forgeries as they do not resemble any of Mr. Galestian's authentic signatures contained in the record.⁴² In addition, contrary to Jokhoo's testimony, the special endorsement looks identical to Jokhoo's writing on Respondents' license/registration applications. For example, all of the letters in the special endorsement -- "Pay to the order of First Financial" -- are in capital letters, with the exception of the lower case "t" at the end of the word "First."⁴³ FFSI's collection agency license application displays this identical anomaly, with only the letter "t" at the end of the word "First" appearing in the lower case and all other letters appearing in the upper case.⁴⁴

24. Mr. Galestian repeatedly disputed the purported debt with Respondents and refused to discuss making any payment until FFSI established the validity of the obligation. Jokhoo refused to tell Mr. Galestian any details about the purported debt

³⁴ Ex. 2 at DOC000004.

³⁵ Ex. 2 at DOC000006.

³⁶ Ex. 2 at DOC000007.

³⁷ Jokhoo Test.; Ex. 7.

³⁸ Ex. 6 at DOC000009; Kaehler Test.

³⁹ Ex. 6 at DOC000010, DOC000012 - DOC000014.

⁴⁰ Jokhoo Test.; Ex. D (8/12/2009 entry).

⁴¹ Jokhoo Test.; see also Ex. 1. and Ex. D (listing \$20,590.87 as the "current balance").

⁴² Compare Ex. 1 with Ex. 24 at DOC000778 - DOC000779, DOC000794 - DOC000795, DOC000797 - DOC000798; see also Galestian Test.

⁴³ Ex. 1 at DOC000002.

⁴⁴ Ex. 15 at DOC000059; see also DOC000064, DOC000066, DOC000068 (all containing "FIRSt" as the spelling of FFSI's name).

and insisted that Mr. Galestian knew what it was about. Mr. Galestian never received anything in writing from Respondents concerning the purported debt and denied sending or authorizing his bank to send the \$40,000 check to Respondents. The signatures on the back of the check were not authorized by Mr. Galestian or his wife, but were forgeries. Mr. Galestian first learned about the transaction when he received a letter from his bank in late July 2009. Galestian immediately disputed the transaction with his bank, and filed multiple complaints with law enforcement officials.⁴⁵ His bank agreed that the transaction was fraudulent and refunded the entire \$40,000. While he is not out of pocket any money, Mr. Galestian described his interactions with Respondents as a “nightmare” that required him to spend hundreds of hours of his personal time attempting to rectify the situation and prevent further fraudulent transactions.⁴⁶

25. In attempting to collect the purported debt from Mr. Galestian, Respondents incorrectly portrayed themselves as working at a law firm and made the following threats: that Mr. Galestian would be prosecuted in federal court; that warrants would be issued against Mr. Galestian; and, that other official action would be taken against Mr. Galestian by the Sheriff and the California Insurance Department.⁴⁷ Jokhoo never intended to take any of these threatened courses of action against Mr. Galestian.⁴⁸ Because Respondents never intended to take any such actions, the threats noted above were meant to harass, oppress, or abuse Mr. Galestian.

Jill and Keith Diffey

26. Jokhoo claimed that Ms. Diffey, a California resident, acknowledged the existence of a purported debt with a balance of \$5,166.77 as of June 2009⁴⁹ and recognized FFSI as the rightful owner of that obligation.⁵⁰ Jokhoo recalled that Ms. Diffey provided him a number to her husband’s US Bank credit card so that FFSI could process her agreement to pay the balance in full.⁵¹

27. On June 16, 2009, Jokhoo used a AMG SecurePay’s (“AMG”) software to process an electronic funds transfer from Mr. Diffey’s account at US Bank in the amount of \$5,166.77.⁵² These funds were transferred into FFSI’s account from Mr. Diffey’s account on June 19, 2009;⁵³ however, on June 24, 2009, the \$5,166.77 was transferred

⁴⁵ Mr. Galestian’s testimony regarding filing complaints with law enforcement officials is corroborated by Jokhoo’s testimony and Respondents’ account history sheet concerning an inquiry from Detective Zaun.

⁴⁶ Galestian Test.; *see also* Ex. 19.

⁴⁷ Galestian Test.; Ex. 18; *see also* Kaehler Test.

⁴⁸ Jokhoo Test.

⁴⁹ The original balance on the account was purportedly \$1,408.25, which suggests that (even at 22% interest) the underlying obligation would have to be quite delinquent to grow to the sum of \$5,575.89. Ex. B.

⁵⁰ Respondents’ account history sheet for this debtor lists the name “Jill Thompson,” a name from Ms. Diffey’s previous marriage. Ex. B. Ms. Diffey testified that she had been married to Mr. Diffey for over 10 years and had not gone by the name “Jill Thompson” since at least 2000. J. Diffey Test.

⁵¹ Jokhoo Test.

⁵² Ex. 8 at DOC000015.

⁵³ Ex. 8 at DOC000023.

back out of FFSI's account based on a description of "reverse electronic payments."⁵⁴ On June 25, 2009, the \$5,166.77 was transferred back into FFSI's account; however, on June 30, 2009, the \$5,166.77 was transferred back out of FFSI's account based on another "reverse electronic payments."⁵⁵ Thereafter, \$5,166.77 was attempted to be transferred into FFSI's account again on July 1 and July 30, 2009.⁵⁶ These attempts were ultimately unsuccessful because the Diffeys closed the account at US Bank at the end of June 2009.⁵⁷

28. Jokhoo confirmed that all transactions involving the specific amount of \$5,166.77 referenced in FFSI's bank accounts related to the Diffeys.⁵⁸

29. The Diffeys disputed with Jokhoo the underlying obligation, and Jokhoo refused to tell them any details about the purported debt, insisting they knew what it was about. The Diffeys confirmed that they did not receive anything in writing from Respondents and never authorized Respondents to process any electronic funds transfers from Mr. Diffey's US Bank account. Records from US Bank also confirm that the Diffeys experienced problems with repeated fraudulent balance transfer attempts from this account between April 9 and June 30, 2009,⁵⁹ the time frame that Respondents admit they were attempting to collect from the Diffeys.⁶⁰

30. US Bank referred the Diffeys to the Identify Theft Assistance Center ("ITAC") for assistance in addressing the fraudulent balance transfers. ITAC pulled the Diffeys credit report and sent FFSI a letter dated May 27, 2009, in part, because "a suspicious inquiry by your company appears on the [Diffeys'] credit report which may arise from potential fraud or identity theft involving the [Diffeys]."⁶¹ A copy of ITAC's letter was provided to the Department out of the records seized from FFSI by the Lonsdale Police Department.⁶² Even though Respondents received ITAC's letter, they never responded to it or otherwise conducted any investigation as requested. Instead, Respondents continued with attempts to facilitate a \$5,166.77 balance transfer from Mr. Diffey's US Bank account.⁶³

31. The Diffeys did not authorize any of the \$5,166.77 transactions listed on FFSI's bank accounts.

⁵⁴ Ex. 8 at DOC000024.

⁵⁵ *Id.*

⁵⁶ Ex. 8 at DOC000025 and DOC000029.

⁵⁷ J. Diffey Test.; K. Diffey Test.

⁵⁸ Jokhoo Test.

⁵⁹ J. Diffey Test.; K. Diffey Test.; Ex. 8 at DOC000031 - DOC000037; see also Ex. 19.

⁶⁰ See Ex. B.

⁶¹ Ex. 8 at DOC000016.

⁶² Kaehler Test.

⁶³ Jokhoo Test.

32. The Diffeys never authorized any balance transfers to FFSI from their Discover credit card.⁶⁴ In that connection, Respondents caused a \$3,900 electronic balance transfer to be processed from the Diffeys' Discover credit card on May 16, 2009. The Diffeys reported to Discover that they did not authorize this transaction and "[o]n May 31, 2009, First Financial returned the funds to Discover for \$3900 hence [Discover's] fraud loss is zero."⁶⁵

33. Jokhoo initially claimed that he never attempted to facilitate any \$3,900 transaction from the Diffeys' Discover credit card and that it must have been perpetrated by another.⁶⁶ He conceded on cross-examination that the June 2, 2009 charge-back listed on FFSI's bank account in the amount of \$3,900 and under the description of "stop pay" represented the reversal of the attempted balance transfer from the Diffeys' Discover credit card⁶⁷ but later changed his testimony and claimed that the \$3,900 payment represented a discount that he had previously offered. He claimed also that Ms. Diffey willingly provided the Discover credit card account number.

34. The Diffeys did not authorize the \$3,900 balance transfer to FFSI from the Discover credit card. Respondents fraudulently submitted the balance transfer request to Discover.

35. In attempting to collect the purported debt from the Diffeys, Respondents incorrectly portrayed themselves as working at a law firm or as federal investigators, called after acceptable hours, used inappropriate language,⁶⁸ and made the following threats: that the Diffeys would be prosecuted in federal court; that warrants would be issued against them; that he would have someone shoot their dog; that he would take their home; that he would have them fired from their jobs; and that they would be arrested at work that day if they did not immediately pay the obligation. Respondents tactics almost resulted in Ms. Diffey losing her job because Jokhoo made defamatory comments about her to her superiors at work, as well as calling at least one company president on his cellular telephone. At the hearing, Jokhoo confirmed that he never intended to take any of the legal courses of action he had threatened against the Diffeys.⁶⁹

⁶⁴ J. Diffey Test.; K. Diffey Test.

⁶⁵ Ex. 8 at DOC000030; *see also* J. Diffey Test. and K. Diffey Test.

⁶⁶ Jokhoo Test.

⁶⁷ Ex. 8 at DOC000022.

⁶⁸ The ALJ finds credible Ms. Diffey's testimony that Jokhoo called her "scum," "low-life", and a "liar," among other names, as well as used the "F" word toward her.

⁶⁹ Jokhoo Test.

James Dorrough

36. Jokhoo commenced collection activities against Mr. Dorrough, a Colorado resident, in February 2010.⁷⁰ Jokhoo claimed that Mr. Dorrough acknowledged the existence of the purported debt with a current balance of \$60,528.70 and recognized FFSI as the rightful owner of that obligation.⁷¹ Jokhoo admitted that he discussed with Mr. Dorrough the fact that Mr. Dorrough had “good credit” and that Mr. Dorrough expressed a desire to pay off the purported debt on February 12, 2010.⁷² Although Jokhoo insisted that Mr. Dorrough acknowledged responsibility to Respondents for the purported debt, Jokhoo has not made any further attempts to collect this obligation from Mr. Dorrough since February 24, 2010.⁷³

37. Mr. Dorrough confirmed that he spoke with Jokhoo on or about February 12, 2010. During that exchange, Mr. Dorrough disputed the underlying obligation and told Jokhoo that he had the wrong person. Jokhoo did not send Dorrough any confirming documentation or disclose any details about the purported debt. Jokhoo insisted that Mr. Dorrough knew what he was calling about and demanded that Mr. Dorrough take care of it over the telephone. Mr. Dorrough thought Jokhoo was a scam artist, but became unnerved and hung up on Jokhoo when he told Mr. Dorrough the exact balance of his checking account at US Bank.⁷⁴

38. Mr. Dorrough never spoke to Jokhoo again, although Jokhoo did leave at least seven voicemails on Mr. Dorrough’s answering machine. Jokhoo threatened to have Mr. Dorrough prosecuted to the fullest extent of the law, that he would send out the Sheriff’s department, and that he would report the delinquent obligation to the credit bureaus to ruin Mr. Dorrough’s credit score.⁷⁵ Jokhoo admits that he never intended to take any of these threatened courses of action against Mr. Dorrough.⁷⁶

39. On or about February 15, 2010, Mr. Dorrough received a call from a representative at Capital One Bank, who asked him whether he was attempting to facilitate a \$12,000 balance transfer. Mr. Dorrough reported that the transfer was fraudulent and Capital One Bank did not make the transfer. When Mr. Dorrough asked

⁷⁰ The ALJ notes that Respondents were either attempting to collect on a debt for which they did not possess any underlying data, which had been seized by the Lonsdale Police Department in fall of 2009, or that Respondents had since purchased additional accounts and failed to produce any evidence corroborating the underlying obligation at the hearing. In any event, Respondents’ collection activities concerning Mr. Dorrough occurred after FFSI’s license had been revoked and after the above-entitled regulatory action was commenced on January 27, 2010.

⁷¹ The original balance on the account was purportedly \$12,733.41, which suggests that (even at 28% interest) the underlying obligation would have to be quite delinquent to grow to the sum of \$60,528.70. Ex. C.

⁷² Jokhoo Test.; Ex. C (2/12/2010 at 9:53 p.m.).

⁷³ Jokhoo Test.; see *also* Ex. C.

⁷⁴ Dorrough Test.

⁷⁵ The ALJ notes that the fact that Mr. Dorrough had good credit and that this purported debt was not already listed on his credit report further suggests that, to the extent the debt ever existed, it is rather old.

⁷⁶ Jokhoo Test.

about the source of the request, the representative told him that it was coming from a Minnesota phone number. Thereafter, Mr. Dorrough placed fraud alerts on the majority of his accounts, although he forgot to contact US Bank and United Service Automobile Association (“USAA”).

40. In late-February or early-March, 2010, US Bank notified Mr. Dorrough in writing that a \$6,000 balance transfer was sent to “First Financial” on February 16, 2010. Mr. Dorrough filed fraud reports with US Bank and it reversed the charges on his account.⁷⁷

41. In late-February 2010, Mr. Dorrough was notified by USAA that \$750 was transferred to FFSI. Mr. Dorrough notified USAA that the transfer was fraudulent and it reversed the charges to his account.

42. On March 24, 2010, US Bank sent Mr. Dorrough a letter that stated as follows: “Per your request, a check for \$6,200 will be mailed to First Financial/Capital 1. The check amount will appear on your credit card statement as a Purchase and will be paid to your account ending in 3202.”⁷⁸ Mr. Dorrough was able to halt this transaction before US Bank sent the check pursuant to the fraudulent request.

43. Mr. Dorrough has since filed complaints against Respondents with numerous state and federal law enforcement officials.

44. FFSI’s name appears on the transactional documents respecting transfers from Mr. Dorrough’s accounts. Jokhoo denies that FFSI attempted to facilitate any balance transfers from Mr. Dorrough’s bank accounts.

45. The ALJ finds that Respondents made the above-referenced fraudulent balance transfer requests from Mr. Dorrough’s bank accounts.

Mike Norpell

46. Jokhoo initiated efforts to collect \$32,321.44⁷⁹ from Mr. Mike Norpell, an Illinois resident, in early May 2010.⁸⁰ Jokhoo claims he never spoke with Mr. Norpell or otherwise attempted to facilitate a balance transfer from Mr. Norpell’s bank account.⁸¹

⁷⁷ Dorrough Test.; see also Ex. 9 at DOC000737 and DOC000745; Ex. 21.

⁷⁸ Dorrough Test.; Ex. 9 at DOC000740.

⁷⁹ The original balance on the account was purportedly \$8,454.44, which suggests that (even at 28% interest) the underlying obligation would have to be quite delinquent to grow to the sum of \$32,321.44. Ex. A.

⁸⁰ The ALJ notes that, as with Mr. Dorrough, Respondents were either attempting to collect on a debt for which they did not possess the underlying data, which had been seized by the Lonsdale Police Department in fall of 2009, or that Respondents had since purchased additional accounts and failed to produce any evidence corroborating the underlying obligation at the hearing. In any event, Respondents’ collection activities concerning Mr. Norpell occurred after FFSI’s license had been revoked, after the (Footnote Continued on Next Page)

47. On May 11, 2010, a \$5,700 balance transfer to “First Financial” was requested on a credit card associated with Mr. Norpell’s overdraft protection account at Fifth Third Bank (“FTB”).⁸² Upon notification of this unauthorized balance transfer, Mr. Norpell immediately disputed the transaction with FTB as fraudulent and filed an affidavit of identity theft.⁸³ FTB has since reversed as fraudulent the sums related to the “First Financial” balance transfer request. Mr. Norpell also reported that the check issued by FTB to “First Financial” has never been cashed.⁸⁴

48. On May 18, 2010, Norpell obtained a copy of his credit report from Experian, which confirmed that FFSI had viewed his credit history detail on May 5, 2010.⁸⁵

49. On May 24, 2010, Mr. Norpell filed a complaint with Respondents concerning its unauthorized credit check on him, as well as the fraudulent wire transfer.⁸⁶ Respondents never responded to Mr. Norpell’s letter to dispute or otherwise deny his allegations.⁸⁷

50. On May 25, 2010, Mr. Norpell filed a complaint with the Highland Park, Illinois Police Department.⁸⁸

51. Jokhoo claims he was extremely concerned that the Norpell transaction reflects that another person may be conducting business in FFSI’s name; however, Respondents have not made any attempt to investigate the situation and have not offered to assist FTB or any law enforcement officials to investigate the matter.⁸⁹

52. Respondents were attempting to collect from Norpell at the time of the fraudulent transfer, and FFSI obtained a copy of Norpell’s credit report shortly before the fraudulent transaction. This manner of fraudulent transaction is identical to the unauthorized transactions that Respondents facilitated against the accounts of Mr. Galestian, the Diffeys, and Mr. Dorrough.

53. The ALJ finds that Respondents fraudulently requested FTB to process the \$5,700 balance transfer from Mr. Norpell’s account.

(Footnote Continued From Previous Page)

above-entitled regulatory action was commenced on January 27, 2010, and after the prehearing conference in this case on March 23, 2010.

⁸¹ Jokhoo Test.; *see also* Ex. A.

⁸² *See also* Ex. 10 at DOC000765.

⁸³ Norpell Test.; Ex. 10 at DOC000759 - DOC000763.

⁸⁴ Norpell Test.; *see also* Ex. 20.

⁸⁵ Ex. 10 at DOC000752.

⁸⁶ Ex. 10 at DOC000756.

⁸⁷ Norpell Test.; Jokhoo Test.

⁸⁸ Ex. 10 at DOC000757 - DOC000758.

⁸⁹ Jokhoo Test.

Unsatisfied Civil Judgments

54. On February 6, 2008, Tasha Anderson, Richard Hopkins, and Kristy Strong sued Jokhoo in Hennepin County District Court. On June 10, 2009, following a court trial, judgments totaling \$14,965.11 were entered against Jokhoo. Specifically, Ms. Anderson was awarded a \$10,000 judgment against Jokhoo for converting her refundable damage deposit, and all plaintiffs were awarded a \$3,745 judgment based on Jokhoo's breach of contract, whereby he leased property without a license from the City of Minneapolis.⁹⁰ To date, Jokhoo has failed to satisfy these judgments.⁹¹

55. On October 22, 2008, Bock & Battina, LLP, filed a lawsuit against Jokhoo in Rice County Conciliation Court after he failed to pay for legal services rendered. At that time, Jokhoo insisted that he paid for the services and promised to provide the district court with a copy of the canceled check within a few days. One month later, however, Jokhoo had failed to produce a copy of the purported canceled check. On February 20, 2009, the court entered a \$315.36 judgment against Jokhoo.⁹² To date, Jokhoo has failed to satisfy Bock & Battina, LLP's judgment.⁹³

56. On December 2, 2009, Citibank (South Dakota), NA obtained a \$9,025.93 judgment against Jokhoo in Rice County District Court.⁹⁴ To date, Jokhoo has failed to satisfy Citibank's judgment.⁹⁵

57. On November 13, 2009, Capital One Bank (USA), NA obtained a \$4,603.38 judgment against Jokhoo in Rice County District Court.⁹⁶ To date, Jokhoo has failed to satisfy Capital One's judgment.⁹⁷

58. Jokhoo has made no effort to make arrangements with any of the creditors noted above to satisfy the delinquent obligations noted in the preceding Findings (54-57).⁹⁸

59. The fact that these judgments may not directly relate to Jokhoo's conduct as a real estate salesperson or debt collector is irrelevant because the Commissioner is authorized to take action against any licensee or registrant regardless if the misconduct relates to the licensee's or registrant's professional activities.⁹⁹

⁹⁰ Ex. 11.

⁹¹ Jokhoo Test.

⁹² Ex. 13.

⁹³ Jokhoo Test.

⁹⁴ Ex. 15.

⁹⁵ Jokhoo Test.

⁹⁶ Ex. 12.

⁹⁷ Jokhoo Test.

⁹⁸ Jokhoo Test.

⁹⁹ Minn. Stat. § 45.027, subd. 7(a)(4) (2008).

License/Registration Application Misrepresentations

60. All the various license/registration applications at issue contain a variation of a question asking whether the applicant had ever been charged, indicted, pleaded to, or convicted of any criminal offense in State or Federal Court.¹⁰⁰ If the applicant responds in the affirmative, the applicant is required to provide a written statement concerning the circumstances of each incident, a copy of the charging document, a copy of the official document concerning the resolution of the charges, and an update on any probation status.¹⁰¹

61. On seven separate applications submitted to the Department since 2005, Jokhoo certified that he had never been charged, indicted, pleaded to, or convicted of any criminal offense in State or Federal Court.¹⁰² On March 17, 1999, Jokhoo was charged with Felony First Degree Attempted Aggravated Robbery and Misdemeanor Third Degree Assault in Hennepin County District Court. On January 14, 1998, Jokhoo pleaded guilty to Third Degree Assault and received a Stay of Imposition.¹⁰³

62. Jokhoo was required to disclose the charges and his conviction on each license/registration application. Jokhoo failed to produce the required documentation concerning the criminal charges and their resolution. Jokhoo's failure to disclose this requisite information precluded the Department from considering all the facts when it considered the various license/registration applications.

Based on the Findings of Fact, the Administrative Law Judge makes the following:

CONCLUSIONS

1. The Administrative Law Judge and the Commissioner of Commerce are authorized to consider the charges against Respondents under Minn. Stat. §§ 14.50, 45.027, subd. 7 and 11, 82.35, subds. 1 and 5, 332.355, and 332.395 (2008).

2. Respondents received due, proper, and timely notice of the charges against them, and of the time and place of the hearing. This matter is, therefore, properly before the Commissioner and the Administrative Law Judge.

¹⁰⁰ Ex. 15 at DOC000067, DOC000070, DOC000078, DOC000081, DOC000085, DOC000088, DOC000091.

¹⁰¹ See, e.g., Ex. 15 at DOC000067.

¹⁰² Ex. 15 at DOC000067, DOC000070, DOC000078, DOC000081, DOC000085, DOC000088, DOC000091.

¹⁰³ Ex. 17; see also Jokhoo Test.; Kaehler Test.

3. The Commissioner properly instituted this proceeding because it had been less than two years since Jokhoo's debt collector registrations and real estate salesperson license were last in effect before this action was commenced.¹⁰⁴

4. The burden of proof in this proceeding is on the Department to show by a preponderance of the evidence that Respondents committed the alleged violations.¹⁰⁵

5. Respondents failed to show cause, as ordered, why discipline should not be imposed against them.¹⁰⁶

6. The Department proved by a preponderance of the evidence that Respondents contacted and caused, or directed another to contact and cause, the bank of California residents Edwin and Medick Galestian to send a \$40,000 check made payable to the Galestians to Respondents without the Galestians' authorization and, as such, engaged in unfair practices, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹⁰⁷

7. The Department proved by a preponderance of the evidence that Respondents participated in, directed, or authorized, or failed to learn about, diligently investigate, or prevent the forging of the Galestians' endorsements on the back of the \$40,000 check that was deposited into Respondents' bank account and, as such, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹⁰⁸

8. The Department proved by a preponderance of the evidence that Respondents violated the Fair Debt Collection Practices Act and Minnesota law by calling the Galestians and threatening that they would be arrested, threatening to take action that could not legally be taken or that is not intended to be taken, making false

¹⁰⁴ Minn. Stat. §§ 45.027, subd. 11, and 332.395 (2008).

¹⁰⁵ Minn. Rule 1400.7300, subp. 5 (2009).

¹⁰⁶ Minn. Stat. §§ 45.027, subd. 7(b) and 60K.43, subds. 2 and 5 (2008).

¹⁰⁷ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

¹⁰⁸ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

representations, falsely holding themselves out as attorneys during collection activities, and engaging in conduct that harassed, oppressed, or abused the Galestians.¹⁰⁹

9. The Department proved by a preponderance of the evidence that Respondents contacted and caused the bank of California residents Jill and Keith Diffey to electronically transfer \$5,166.77 to FFSI's bank account without the Diffey's authorization and, as such, engaged in unfair practices, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license or registrations granted by the Commissioner.¹¹⁰

10. The Department proved by a preponderance of the evidence that Respondents contacted and caused the credit card issuer of the Diffey's to electronically transfer \$3,900 to FFSI's bank account without the Diffey's authorization and, as such, engaged in unfair practices, made false, deceptive and misleading representations in connection with the collection of a purported debt, engaged in fraudulent, deceptive, or dishonest practices, and engaged in conduct that demonstrates that they are untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹¹¹

11. The Department proved by a preponderance of the evidence that Respondents violated the Fair Debt Collection Practices Act and Minnesota law by calling the Diffey's and threatening that they would be arrested, threatening to take action that could not legally be taken or that is not intended to be taken, and making false representations, by falsely holding themselves out as attorneys and federal investigators during collection activities, and by otherwise engaging in conduct that harassed, oppressed, or abused the Diffey's, including misrepresenting to Ms. Diffey's employer that she would be arrested at work.¹¹²

12. The Department proved by a preponderance of the evidence that Jokhoo engaged in fraudulent, deceptive or dishonest practices, and conduct that demonstrated he is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner by failing to satisfy

¹⁰⁹ 15 U.S.C. §§ 1692d, 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 and 2870.3400 (2007).

¹¹⁰ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

¹¹¹ 15 U.S.C. §§ 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 82.35, subd. 1(b), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 (2007).

¹¹² 15 U.S.C. §§ 1692d, 1692e and 1692f, Minn. Stat. §§ 45.027, subd. 7(a)(4), 332.355, and 332.37(12) (2008), and Minn. Rule 2870.3300 and 2870.3400 (2007).

multiple judgments totaling more than \$28,000, including a \$10,000 judgment for converting a refundable damage deposit.¹¹³

13. The Department proved by a preponderance of the evidence that Jokhoo contacted and caused, or directed another to contact and cause, the banks of Colorado citizen James Dorrough to electronically transfer \$6,750 to FFSI's bank account without Dorrough's authorization (and to request another \$6,200 transfer that was canceled before it was processed), thereby engaging in conduct that demonstrates that he is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹¹⁴

14. The Department proved by a preponderance of the evidence that Jokhoo contacted and caused, or directed another to contact and cause, the bank of Illinois citizen Mike Norpell to electronically transfer \$5,700 to FFSI's bank account without Norpell's authorization and, as such, engaged in conduct that demonstrates that he is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license and registrations granted by the Commissioner.¹¹⁵

15. An Order imposing discipline against Respondents for their multiple violations of law is in the public interest.

Based on the Conclusions, the Administrative Law Judge makes the following:

RECOMMENDATION

IT IS RECOMMENDED that the Department impose discipline against Respondents, including revocation of Jokhoo's debt collector registrations and real estate salesperson license and the imposition of civil penalties against Respondents up to \$10,000 per violation, pursuant to 15 U.S.C. §§ 1692d, 1692e and 1692f, Minn. Stat. §§ 45.027, 82.35, 332.37 (2008), and Minn. Rule 2870.3300 and 2870.3400 (2009).

Dated: December 8th, 2010

s/Richard C. Luis

RICHARD C. LUIS
Administrative Law Judge

Reported: Digitally Recorded

NOTICE

¹¹³ Minn. Stat. §§ 45.027, subd. 7(a)(4), and 82.35, subd. 1(b) (2008).

¹¹⁴ *Id.*

¹¹⁵ *Id.*

This report is a recommendation, not a final decision. The Commissioner of Commerce will make the final decision after a review of the record. The Commissioner may adopt, reject or modify the Findings of Fact, Conclusions, and Recommendations. Under Minn. Stat. § 14.61, the final decision of the Commissioner shall not be made until this Report has been made available to the parties to the proceeding for at least ten days. An opportunity must be afforded to each party adversely affected by this Report to file exceptions and present argument to the Commissioner. Parties should contact Glenn Wilson, Commissioner, Attn: Melissa Knoepfler, Minnesota Department of Commerce, 85 Seventh Place East, Suite 500, St. Paul, MN 55101 to learn the procedure for filing exceptions or presenting argument.

If the Commissioner fails to issue a final decision within 90 days of the close of the record, this report will constitute the final agency decision under Minn. Stat. § 14.62, subd. 2a. In order to comply with this statute, the Commissioner must then return the record to the Administrative Law Judge within 10 calendar days to allow the Judge to determine the discipline to be imposed. The record closes upon the filing of exceptions to the report and the presentation of argument to the Commissioner, or upon the expiration of the deadline for doing so. The Commissioner must notify the parties and the Administrative Law Judge of the date on which the record closes.

Under Minn. Stat. § 14.62, subd. 1, the agency is required to serve its final decision upon each party and the Administrative Law Judge by first class mail or as otherwise provided by law.

MEMORANDUM

It is obvious that Mr. Jokhoo has spent considerable time, on behalf of himself or First Financial Services, Inc. (FFSI), attempting to obtain money from debtors by means of illegal activity outside the scope of his licenses. Moreover, Mr. Jokhoo's testimony regarding the allegations against him in the Statement of Charges is not credible.

In making aggressive collection efforts against Edwin Galestian, Jill Thompson, nka Jill Diffey, James Dorrough, and Mike Norpell ("Debtors"), Mr. Jokhoo either ignored or carelessly failed to check the Statute of Limitations for filing a debt collection lawsuit in Illinois, Colorado or California (the states in which the Debtors reside). Once the applicable Statute of Limitations expires, it is unlawful to file or threaten to file a lawsuit on purported debts, which Mr. Jokhoo threatened to do with respect to the named individuals. A significant problem arises with respect to Mr. Jokhoo's credibility from his testimony concerning specific facts regarding the Debtors named above, who represent only four out of approximately 3,500 files owned by FFSI, and in particular because Mr. Jokhoo had not had the opportunity to review his files for almost a year since they were seized by the Lonsdale, Minnesota Police Department. It is noted in that connection that the Department did not commence any regulatory action against Respondents until after the Lonsdale Police Department seized Respondents' assets. Given that Mr.

Jokhoo would not have had any specific reason to examine the specific debtor accounts at issue in the course of any more than routine business activities prior to police seizure of his business records, which also occurred before the Department commenced its actions, Mr. Jokhoo's specific recollections of transactions with these specific Debtors is suspect.

In response to questions on direct and cross examination, Mr. Jokhoo claimed that FFSI's account history sheets – Exhibits A through D – contained a complete and accurate listing of all the collection activities he performed on each account, but retracted that testimony when he was pressed to explain why the account history sheets did not list entries for all the voice mails he left for Mr. Galestian and Mr. Dorrough, or why no conversations with the Diffeys were memorialized regarding their purported agreement to make payments and provide account numbers to FFSI in May and June of 2009. After he was unable to offer any explanation concerning these discrepancies, Jokhoo claimed there was yet another “page” to each account history sheet that he was unable to print or otherwise produce at the hearing.

Mr. Jokhoo's testimony concerning the alleged accuracy of account history sheets is not credible. The account history sheets produced by Respondents do not credibly or accurately detail the collection activities conducted – however, they do establish that the Respondents were actively engaged in collection activities against each Debtor involved in this proceeding at the time of the allegations of misconduct at issue with respect to each such Debtor.

Mr. Jokhoo's testimony that FFSI did not have the ability to obtain any Debtor's credit report and that FFSI did not conduct any business with any of the three major credit bureaus (Experian, Equifax or TransUnion) is called into question by credit reports obtained from Experian with respect to Mr. Norpell and Mr. Galestian, showing that FFSI inquired and accessed their credit information. Jokhoo's testimony that he did not have access to credit report data from Experian is not credible.

The only apparent connection between the Debtors involved in this matter, who live in three different states, is that they were contacted by the Respondents in attempts to collect purported debts. The similarity of Debtors' individual experiences with the Respondents shows a fact pattern similar to that engaged in by the Respondents toward the other Debtors. These factual similarities enhance the credibility of the testimony of the Debtors in this proceeding.

If Mr. Jokhoo is to be believed, Mr. Galestian sent him a pre-endorsed \$40,000 check by way of First Class U.S. Mail. This is one specific reason why the Administrative Law Judge does not find Jokhoo's testimony to be credible concerning his relationship with Mr. Galestian.

The Administrative Law Judge is persuaded that the Respondents fraudulently submitted electronic funds transfer requests to U.S. Bank attempting to collect \$5,166.77 from the Diffeys. Mr. Jokhoo's testimony regarding his attempt to facilitate

the \$3,900.00 transfer from the Diffeys' Discover credit card account is not credible. The Administrative Law Judge is not persuaded by Mr. Jokhoo's claim that the \$3,900.00 payment represented a discount he had previously offered and Ms. Diffey accepted, willingly providing Jokhoo with her Discover credit card number.

The Administrative Law Judge is persuaded that Mr. Jokhoo's actions with respect to the Diffeys were meant to harass, oppress or abuse them. Respecting Jim Dorrough, the Administrative Law Judge is not persuaded that Jokhoo's testimony is credible when he insisted that Mr. Dorrough acknowledged responsibility to the Respondents for his purported debt, because Jokhoo has made no further attempts to collect that obligation from Mr. Dorrough since February 24, 2010. Respecting Mr. Dorrough, and regarding Mr. Jokhoo's claims that threatened courses of action against Mr. Dorrough were not remedies he intended to pursue, the Judge finds the threats made were meant to harass, oppress or abuse Jim Dorrough. These include threats to have him prosecuted, threats to have him visited by the sheriff, and threats that he would report Dorrough's delinquent obligation to credit bureaus in order to ruin Mr. Dorrough's credit score. Even though FFSI's name appears on the transactional documents respecting transfer from Mr. Dorrough's account balances, Mr. Jokhoo denies that FFSI attempted to facilitate such balance transfers from Dorrough's bank accounts. The Judge does not find Jokhoo's testimony in this regard to be credible.

Nor is Jokhoo's testimony concerning his collection activities against Mike Norpell credible – these include Mr. Jokhoo's claim that he never spoke to Mr. Norpell or otherwise attempted to facilitate a balance transfer from Norpell's bank account. In his efforts to collect over \$32,000.00 from Mr. Norpell in early in May 2010, \$5,700.00 was transferred by Mr. Jokhoo to "First Financial" (which transfer has since been reversed), and Mr. Norpell obtained a copy of his credit report from Experian, which confirms that FFSI had viewed his credit history details on May 5, 2010.¹¹⁶

In applying for his licenses and registrations, Mr. Jokhoo was asked whether he had ever been charged, indicted, pleaded to, or convicted of any criminal offense in State or Federal Court. Mr. Jokhoo falsely replied that he had never been indicted or charged on seven separate applications submitted to the Department since 2005, even though he was charged with Felony First Degree Attempted Aggravated Robbery and Misdemeanor Third Degree Assault, eventually pleading guilty to Third Degree Assault. Mr. Jokhoo's representations to the contrary were false and misleading.

In order to conclude that the Department has not proven its grounds for discipline in this case, the ALJ must believe Mr. Jokhoo's testimony regarding the allegations and events relied on by the Department. For the reasons noted above, the Judge concludes to the contrary, finding that Mr. Jokhoo's testimony is, for the greater part, not credible.

R.C.L.

¹¹⁶ Exhibit 10, at DOC 000752.